



COUNTY OF LOS ANGELES  
TREASURER AND TAX COLLECTOR

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MARK J. SALADINO  
TREASURER AND TAX COLLECTOR

May 27, 2004

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**ISSUANCE AND SALE OF MONTEBELLO UNIFIED SCHOOL DISTRICT  
(COUNTY OF LOS ANGELES, CALIFORNIA)  
GENERAL OBLIGATION BONDS, ELECTION OF 1998, SERIES 2004  
(FIRST DISTRICT) (3-VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Adopt the Resolution authorizing the issuance and sale of General Obligation Bonds of the Montebello Unified School District in an amount not to exceed \$15,582,927.70.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On May 20, 2004, the Governing Board of the Montebello Unified School District adopted a Resolution determining that the District needs to borrow funds in an aggregate principal amount not to exceed \$15,582,927.70 to be used for authorized purposes.

On April 14, 1998, an election was held whereby qualified electors of the District approved the proposition authorizing the District to issue \$92 million in general obligation bonds to finance school modernization and the acquisition, construction and improvement of school facilities. This is the fifth and final issuance of bonds authorized under this bond measure.

Pursuant to Section 15140 of the Education Code, the Board of Supervisors is responsible for offering the District's bonds for sale. Such bonds shall be issued in the name and on behalf of such school district by the Board of Supervisors of the County following receipt of the district resolution requesting such borrowing.

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#### Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Service Excellence by providing seamless, one-stop service delivery to the school district. It supports the Strategic Plan Goal of Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions. And, it supports the Strategic Plan Goal of Fiscal Responsibility by providing investment in and development of public school infrastructure in this County.

#### **FISCAL IMPACT/FINANCING**

None to the County. All debt will be paid by the District.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Resolution provides for issuance of General Obligation Bonds at an interest rate not to exceed six percent (6%) per annum for Current Interest bonds and seven percent (7%) per annum for Capital Appreciation bonds. The final structure will be determined at the time of pricing to achieve the lowest cost of financing within the limits of the proposition's tax levy. The term of the bonds will not exceed twenty-five years. Provisions for optional redemption of the bonds will be described in the Contract of Purchase.

The Resolution provides for the negotiated sale of the bonds, with participation by the Treasurer and Tax Collector in pricing of the bonds, to the Underwriters. The District has selected Stone & Youngberg LLC as Underwriters; the firm of Orrick, Herrington & Sutcliffe LLP as Bond Counsel; and U.S. Bank National Association as Paying Agent.

The County will annually levy and collect ad valorem taxes for the repayment of the bonds on behalf of the District.

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**CONCLUSION**

Upon approval of this Resolution, the Department will need two (2) originally executed copies of the adopted Resolution.

Respectfully submitted,



MARK J. SALADINO  
Treasurer and Tax Collector

MJS:GB:svg

svg:Schools:MontebelloBdLtrGONeg

**Attachments (3)**

c: Chief Administrative Officer  
Auditor-Controller  
County Counsel  
Montebello Unified School District  
Los Angeles County Office of Education  
Orrick, Herrington & Sutcliffe LLP  
U. S. Bank National Association

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$15,582,927.70 OF BONDS OF THE MONTEBELLO UNIFIED SCHOOL DISTRICT BY A NEGOTIATED SALE PURSUANT TO A BOND PURCHASE CONTRACT, PRESCRIBING THE TERMS OF SALE OF SAID BONDS, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF SAID BOND PURCHASE CONTRACT, AND AUTHORIZING THE EXECUTION OF NECESSARY CERTIFICATES RELATING TO SAID BONDS.

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WHEREAS, an election was duly called and regularly held in the Montebello Unified School District, County of Los Angeles, California (herein called the "District"), on April 14, 1998, at which the following proposition was submitted to the electors of the District:

"In order to raise funds for school modernization and districtwide projects such as structural repair and improvements to existing schools; upgrading lighting, heating, plumbing and electrical systems, including for computer technology; safety and security improvements, including for seismic safety; replacing deteriorated roofs; and constructing new classrooms, libraries, and schools; shall the Montebello Unified School District be authorized to issue up to \$92,000,000 of bonds for acquisition and improvement of real property at interest rates within the legal limit?"

and

WHEREAS, at least two-thirds of the votes cast on said proposition were in favor of issuing said bonds; and

WHEREAS, the District has heretofore issued, or caused the Board of Supervisors of the County of Los Angeles (the "County") to issue on its behalf, its "Montebello Unified School District General Obligation Bonds Election of 1998," listed below:

<u>Series Name</u>	<u>Initial Principal</u>	<u>Year of Issue</u>
Series 1998	\$24,639,698.00	1998
Series 1999	19,997,854.30	1999
Series 2001	15,782,826.95	2001
Series 2002	<u>15,996,693.05</u>	2002
TOTAL	\$76,417,072.30	

WHEREAS, pursuant to Education Code Section 15140 and following, the Board of Education of the District has requested the Board of Supervisors of the County of Los Angeles (the "County") to issue the remaining portion of said bonds in a single series designated the "Montebello Unified School District General Obligation Bonds, Election of 1998, Series 2004" in an aggregate initial principal amount not exceeding \$15,582,927.70, and to authorize the sale of said bonds by a negotiated sale to Stone & Youngberg LLC (the "Underwriter") pursuant to a Bond Purchase

Contract (the "Bond Purchase Contract"), a form of which has been submitted to and is on file with the Executive Officer-Clerk of the Board of Supervisors, all according to the terms and in the manner set forth in a resolution duly adopted by the Board of Education of the District on May 20, 2004, a certified copy of which has been filed with the Executive Officer-Clerk of the Board of Supervisors; and

WHEREAS, the Board of Supervisors accepts the representation of the District that it is necessary and desirable that said bonds be issued and sold by a negotiated sale for the purposes for which said bonds have been authorized and on the terms and conditions set forth in said resolution of the Board of Education of the District;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES AS FOLLOWS:

Section 1.      Recitals: All of the above recitals are true and correct.

Section 2.      District Resolution Incorporated: The resolution of the Board of Education of the District adopted on May 20, 2004, is incorporated herein by reference and all of the provisions thereof are made a part hereof and shall be applicable to the Bonds herein provided for, except as herein otherwise expressly provided.

Section 3.      Authorization and Designation of Bonds: Pursuant to Education Code Section 15140 and following, the Board of Supervisors hereby authorizes on behalf of the Montebello Unified School District, the issuance and sale of not to exceed \$15,582,927.70 aggregate principal amount of bonds of the District and designates said bonds to be issued and sold as the "Montebello Unified School District General Obligation Bonds, Election of 1998, Series 2004" (herein called the "Series 2004 Bonds" or the "Bonds"). The Series 2004 Bonds shall be issued as Current Interest Series 2004 Bonds and Capital Appreciation Series 2004 Bonds, as provided in Section 5 hereof.

Section 4.      Form of Bonds; Execution: (a) Book-Entry. The Depository Trust Company, New York, New York, is hereby appointed depository for the Series 2004 Bonds. The Series 2004 Bonds shall be issued in book-entry form only, and shall be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, and registered ownership of the Series 2004 Bonds may not thereafter be transferred except as provided in Section 9 hereof. One bond certificate shall be issued for each maturity of the Current Interest Series 2004 Bonds, and one bond certificate shall be issued for each maturity of the Capital Appreciation Series 2004 Bonds; provided that if different CUSIP numbers are assigned to Bonds maturing in a single year, additional Bond certificates shall be prepared for each such maturity.

(b) Form of Certificates. The Series 2004 Bonds shall be issued in fully registered form without coupons. The Current Interest Series 2004 Bonds, the Capital Appreciation Series 2004 Bonds, and the Paying Agent's certificate of authentication and registration and the form of assignment to appear on each of them, shall be in substantially the form attached hereto as Exhibit A and Exhibit B, respectively, with necessary or appropriate variations, omissions and insertions as permitted or required by this Resolution; provided, that if a portion of the text of any Series 2004 Bond is printed on the reverse of the Series 2004 Bond, the following legend shall be printed on the face of such Series 2004 Bond: "THE PROVISIONS OF THIS BOND ARE

CONTINUED ON THE REVERSE HEREOF AND SUCH CONTINUED PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.”

(c) Execution of Bonds. The Series 2004 Bonds shall be signed by the manual or facsimile signatures of the Chairman of the Board of Supervisors and of the Treasurer and Tax Collector of the County or any authorized deputy thereof (the “County Treasurer”), and countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors or by a deputy of either of said Clerk or of the County Treasurer. The Bonds shall be authenticated by a manual signature of a duly authorized officer of the Paying Agent (as defined in Section 8(a) hereof).

(d) Valid Authentication. Only such of the Series 2004 Bonds as shall bear thereon a certificate of authentication and registration as described in subsection (b), executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent shall be conclusive evidence that the Series 2004 Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

(e) Identifying Number. The Paying Agent shall assign each Series 2004 Bond authenticated and registered by it a distinctive letter, or number, or letter and number, and shall maintain a record thereof at its principal corporate trust office, which record shall be available to the District and the County for inspection.

Section 5. Terms of Bonds: (a) Date of Bonds. The Current Interest Series 2004 Bonds shall be dated July 1, 2004, or such other date as shall be set forth in the Bond Purchase Contract.

The Capital Appreciation Series 2004 Bonds shall be dated the date of their delivery, or such other date as shall be set forth in the Bond Purchase Contract.

(b) Denominations. The Current Interest Series 2004 Bonds shall be issued in denominations of \$5,000 principal amount or any integral multiple thereof.

The Capital Appreciation Series 2004 Bonds shall be issued in denominations of \$5,000 accreted value at maturity (“maturity value”) or any integral multiple thereof, except that the first numbered Capital Appreciation Series 2004 Bond may be issued in a denomination such that the maturity value of such Capital Appreciation Series 2004 Bond shall not be an integral multiple of \$5,000.

(c) Maturity. The Current Interest Series 2004 Bonds shall mature on the date, in each of the years, in the principal amounts and in the aggregate principal amount as shall be set forth in the Bond Purchase Contract. No Current Interest Series 2004 Bond shall mature prior to August 1, 2005, and no Current Interest Series 2004 Bond shall mature later than the date which is 25 years from the date of the Current Interest Series 2004 Bonds, to be determined as provided in subsection (a) of this Section. No Current Interest Series 2004 Bond shall have principal maturing on more than one principal maturity date. The Bond Purchase Contract may provide that no Current Interest Series 2004 Bonds shall be issued.

The Capital Appreciation Series 2004 Bonds shall mature on the date or dates, in each of the years, and in such maturity values as shall be set forth in the Bond Purchase Contract. No Capital Appreciation Series 2004 Bond shall mature prior to August 1, 2005, and no Capital Appreciation Series 2004 Bond shall mature later than the date which is 25 years from the date of the Capital Appreciation Series 2004 Bonds, to be determined as provided in subsection (a) of this Section. No Capital Appreciation Series 2004 Bond shall have principal maturing on more than one principal maturity date. The Bond Purchase Contract may provide that no Capital Appreciation Series 2004 Bonds shall be issued.

(d) Interest. As used in this Resolution and in the Bonds, the terms “interest payment date,” and “interest date” shall be interchangeable, and shall mean February 1 and August 1 of each year, or such other dates specified in the Bond Purchase Contract.

The Current Interest Series 2004 Bonds shall bear interest at an interest rate not to exceed 6.0% per annum, first payable on February 1, 2005, and thereafter on February 1 and August 1 in each year (or on such other initial and semiannual interest payment dates as shall be set forth in the Bond Purchase Contract), computed on the basis of a 360-day year of twelve 30-day months. Each Current Interest Series 2004 Bond authenticated and registered on any date prior to the close of business on the first Record Date (as defined in Section 6(b)) shall bear interest from the date of said Current Interest Series 2004 Bond. Each Current Interest Series 2004 Bond authenticated during the period between any subsequent Record Date and the close of business on its corresponding Interest Payment Date shall bear interest from such Interest Payment Date. Any other Current Interest Series 2004 Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Current Interest Series 2004 Bond, interest is in default on any outstanding Current Interest Series 2004 Bonds, such Current Interest Series 2004 Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the outstanding Current Interest Series 2004 Bonds.

The Capital Appreciation Series 2004 Bonds shall not bear current interest; each Capital Appreciation Series 2004 Bond shall increase in value by the accumulation of earned interest from its initial principal (denominational) amount on the date of issuance thereof to its stated maturity value at maturity thereof at a compounded interest rate which shall not exceed 7.0% per annum, assuming in any semiannual period that the value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months. The interest on the Capital Appreciation Series 2004 Bonds shall be compounded commencing on August 1, 2004, and thereafter on February 1 and August 1 in each year (or on such other initial and semiannual interest dates as shall be set forth in the Bond Purchase Contract), and shall be payable only upon maturity or prior redemption thereof.

The “accreted value” per \$5,000 maturity value of the Capital Appreciation Series 2004 Bonds on each interest date may be given for reference in a table of accreted values prepared by the Underwriter and to appear in the Capital Appreciation Series 2004 Bonds; provided, that the accreted value determined in accordance with this Section shall prevail over any different accreted value given in said table, and the County takes no responsibility for the table of accreted values prepared by the Underwriter. Interest on the Capital Appreciation Series 2004 Bonds shall be payable only upon maturity or prior redemption thereof.

Section 6.      Payment: (a) Principal. The principal of the Current Interest Series 2004 Bonds and the accreted value of the Capital Appreciation Series 2004 Bonds shall be payable, when due or upon redemption prior thereto, in lawful money of the United States of America to the person whose name appears on the bond registration books of the Paying Agent (as described in Section 8(c) hereof) as the registered owner thereof (the "Owner"), upon the surrender thereof at the principal corporate trust office of the Paying Agent.

(b)      Interest; Record Date. The interest on the Current Interest Series 2004 Bonds shall be payable in lawful money of the United States of America to the Owner thereof as of the close of business on the 15<sup>th</sup> day of the month preceding an interest payment date (the "Record Date"), whether or not such day is a business day, such interest to be paid by check or draft mailed on such interest payment date (if a business day, or on the next business day if the interest payment date does not fall on a business day) to such Owner at such Owner's address as it appears on the bond registration books described in Section 8(c) or at such address as the Owner may have filed with the Paying Agent for that purpose, except that the payment shall be made in immediately available funds (e.g., by wire transfer) to any Owner of at least \$1,000,000 of outstanding Current Interest Series 2004 Bonds who shall have requested in writing such method of payment of interest prior to the close of business on the Record Date immediately preceding any interest payment date. So long as Cede & Co. or its registered assigns shall be the Owner of the Series 2004 Bonds, payment shall be made in immediately available funds as provided in Section 9(d) hereof.

(c)      Interest and Sinking Fund: Principal and interest due on the Series 2004 Bonds shall be paid from the interest and sinking fund of the District as provided in Section 15146 of the Education Code of the State of California.

Section 7.      Redemption Provisions: (a) Optional Redemption. The Series 2004 Bonds shall be subject to redemption, at the option of the District, on the dates and terms provided herein, or on such other dates and terms as shall be designated in the Bond Purchase Contract. The Bond Purchase Contract may provide that the Series 2004 Bonds shall not be subject to optional redemption, and may provide separate and distinct redemption provisions for the Current Interest Series 2004 Bonds and the Capital Appreciation Series 2004 Bonds.

Unless otherwise specified in the Bond Purchase Contract, the Current Interest Series 2004 Bonds shall be subject to optional redemption as follows: Current Interest Series 2004 Bonds maturing on or before August 1, 2013, shall not be subject to redemption prior to their respective stated maturity dates. The Current Interest Series 2004 Bonds maturing in each year beginning August 1, 2014, shall be subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2013. If less than all of the Current Interest Series 2004 Bonds are called for redemption, such bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Current Interest Series 2004 Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot.



Unless otherwise specified in the Bond Purchase Contract, the Current Interest Series 2004 Bonds redeemed at the option of the District shall be redeemed at the following prices (expressed as a percentage of the principal amount of the Current Interest Series 2004 Bonds called for redemption), together with interest accrued thereon to the date of redemption:

<u>Redemption Date</u>	<u>Optional Redemption Price</u>
August 1, 2013 and thereafter	100%

Unless otherwise specified in the Bond Purchase Contract, the Capital Appreciation Series 2004 Bonds shall not be subject to optional redemption.

The “redemption date” is that date on which the Bonds which are called are to be presented for redemption.

(b) Mandatory Sinking Fund Redemption. The Current Interest Series 2004 Bonds, if any, which are designated in the Bond Purchase Contract as Current Interest Series 2004 Term Bonds shall also be subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and in accordance with the terms to be specified in the Bond Purchase Contract. The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Current Interest Series 2004 Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date. The Bond Purchase Contract may provide that the Current Interest Series 2004 Bonds shall not be subject to mandatory sinking fund redemption.

The Capital Appreciation Series 2004 Bonds, if any, which are designated in the Bond Purchase Contract as Capital Appreciation Series 2004 Term Bonds shall also be subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and in accordance with the terms to be specified in the Bond Purchase Contract. The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Capital Appreciation Series 2004 Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date. The Bond Purchase Contract may provide that the Capital Appreciation Series 2004 Bonds shall not be subject to mandatory sinking fund redemption.

The Auditor-Controller of the County is hereby authorized to create such sinking funds or accounts for the Series 2004 Bonds as shall be necessary to accomplish the purposes of this section.

(c) Notice of Redemption. Notice of optional, unscheduled or contingent redemption of any Series 2004 Bonds shall be given by the Paying Agent upon the written request of the District. Notice of any such redemption of Series 2004 Bonds shall be mailed postage prepaid, not less than 30 nor more than 60 days prior to the redemption date (i) by first class mail to the respective Owners thereof at the addresses appearing on the bond registration books described in Section 8(c), (ii) by secured mail to all organizations registered with the Securities and Exchange Commission as securities depositories, (iii) to at least two information services of national recognition which disseminate redemption information with respect to municipal securities, and (iv)

as may be further required in accordance with the Continuing Disclosure Certificate of the District described in Section 15.

Each notice of redemption shall contain all of the following information:

- (i) the date of such notice;
- (ii) the name of the Bonds and the date of issue of the Bonds;
- (iii) the redemption date;
- (iv) the redemption price;
- (v) the dates of maturity of the Bonds to be redeemed;
- (vi) (if less than all of the Bonds of any maturity are to be redeemed) the distinctive numbers of the Bonds of each maturity to be redeemed;
- (vii) (in the case of Bonds redeemed in part only) the respective portions of the principal amount of the Bonds of each maturity to be redeemed;
- (viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed;
- (ix) a statement that such Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; and
- (x) notice that further interest on such Bonds will not accrue after the designated redemption date.

(d) Effect of Notice. A certificate of the Paying Agent or the District that notice of call and redemption has been given to Owners and to the appropriate securities depositories and information services as herein provided shall be conclusive as against all parties. The actual receipt by the Owner of any Series 2004 Bond or by any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Bonds called for redemption is set aside for the purpose as described in subsection (f) of this Section, the Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the redemption premium thereon, if any, only to the interest and sinking fund or the escrow fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

(e) Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the interest and sinking fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

(f) Redemption Fund. Prior to or on the redemption date of any Bonds there shall be available in the interest and sinking fund of the District, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the premiums payable as in this Resolution provided, the Bonds designated in said notice of redemption. Such monies so set aside in any such escrow fund shall be applied on or after the redemption date solely for payment of principal of and premium, if any, on the Bonds to be redeemed upon presentation and surrender of such Bonds, provided that all monies in the interest and sinking fund of the District shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the interest and sinking fund of the District, unless otherwise provided for to be paid from such escrow. If, after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the interest and sinking fund of the District or otherwise held in trust for the payment of redemption price of the Bonds, said monies shall be held in or returned or transferred to the interest and sinking fund of the District for payment of any outstanding bonds of the District payable from said fund; provided, however, that if said monies are part of the proceeds of bonds of the District, said monies shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the District are at such time outstanding, said monies shall be transferred to the general fund of the District as provided and permitted by law.

(g) Defeasance of Bonds. If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by such Bonds at the times and in the manner provided herein and in the Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent herewith, then such Owners shall cease to be entitled to the obligation of the District as provided in Section 11 hereof, and such obligation and all agreements and covenants of the District and of the County to such Owners hereunder and under the Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by such Bonds, but only out of monies on deposit in the interest and sinking fund or otherwise held in trust for such payment; and provided further, however, that the provisions of subsection (h) hereof shall apply in all events.

For purposes of this section, the District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue

thereon and available monies then on deposit in the interest and sinking fund of the District, be fully sufficient, in the opinion of a certified public accountant, to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

(h) Unclaimed Monies. Any money held in any fund created pursuant to this Resolution, or by the Paying Agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Bonds and remaining unclaimed for one year after the principal of all of the Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the interest and sinking fund of the District for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said monies shall be transferred to the general fund of the District as provided and permitted by law.

Section 8. Paying Agent: (a) Appointment. The County Treasurer is hereby appointed the initial Paying Agent for the Series 2004 Bonds (the "Paying Agent"). The County Treasurer may contract with any third party to perform the services of Paying Agent under this Resolution.

(b) Principal Corporate Trust Office. Unless otherwise specifically noted, any reference herein to the "principal corporate trust office" of the Paying Agent for purposes of transfer, registration, exchange, payment, and surrender of the Series 2004 Bonds shall initially mean the office of the Paying Agent in Los Angeles, California; provided, however, that in any case "Paying Agent" shall refer to any successor paying agent/registrar or transfer agent for the Series 2004 Bonds, and "principal corporate trust office" shall include the principal corporate trust office or other office of such successor Paying Agent designated thereby for a particular purpose.

(c) Registration Books. The Paying Agent will keep or cause to be kept at its principal corporate trust office sufficient books for the registration and transfer of the Series 2004 Bonds, which shall at all times be open to inspection by the County and the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on said books, Series 2004 Bonds as provided in Section 10 hereof.

(d) Payment of Fees and Expenses. The fees and expenses of the Paying Agent not paid from the proceeds of sale of the Bonds shall be paid in each year from the interest and sinking fund of the District, insofar as permitted by law, including specifically by Section 15232 of the Education Code of the State of California.

Section 9. Transfer Under Book-Entry System; Discontinuation of Book-Entry System: (a) The Series 2004 Bonds shall be initially issued and registered as provided in Section 4. Registered ownership of such Series 2004 Bonds, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this section (a "substitute depository"); provided, that any successor of Cede & Co., as

nominee of The Depository Trust Company or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository not objected to by the District or the County, upon (1) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the County (upon consultation with the District) to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the County (upon consultation with the District) to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) of this section, upon receipt of the outstanding Series 2004 Bonds by the Paying Agent, together with a written request of the District or County to the Paying Agent, a new Series 2004 Bond for each maturity of Current Interest Series 2004 Bonds and each maturity of Capital Appreciation Series 2004 Bonds shall be executed and delivered (in the case of Current Interest Series 2004 Bonds, in the aggregate principal amount of the Current Interest Series 2004 Bonds then outstanding, and in the case of Capital Appreciation Series 2004 Bonds, in the aggregate maturity value of the Capital Appreciation Series 2004 Bonds then outstanding), registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the District or County. In the case of any transfer pursuant to clause (iii) of subsection (a) of this section, upon receipt of the outstanding Series 2004 Bonds by the Paying Agent together with a written request of the District or County to the Paying Agent, new Series 2004 Bonds shall be executed and delivered in such denominations, numbered in the manner determined by the Paying Agent, and registered in the names of such persons, as are requested in such written request of the District or County, subject to the limitations of Section 5, and thereafter, the Series 2004 Bonds shall be transferred pursuant to the provisions set forth in Section 10 of this Resolution; provided, that the Paying Agent shall not be required to deliver such new Series 2004 Bonds within a period of less than 60 days after the receipt of any such written request of the District or County.

(c) The County, the District and the Paying Agent shall be entitled to treat the person in whose name any Series 2004 Bond is registered as the owner thereof, notwithstanding any notice to the contrary received by the County, the District or the Paying Agent; and the County, the District and the Paying Agent shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Series 2004 Bonds, and neither the County, the District or the Paying Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party, including The Depository Trust Company or its successor (or substitute depository or its successor), except for the Owner of any Series 2004 Bonds.

(d) So long as the outstanding Series 2004 Bonds are registered in the name of Cede & Co. or its registered assigns, the District, the County and the Paying Agent shall cooperate with Cede & Co., as sole Owner, or its registered assigns in effecting payment of the principal of and interest on the Series 2004 Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available (e.g., by wire transfer) on the date they are due.

Section 10. Transfer and Exchange: (a) Transfer. Following the termination or removal of the depository pursuant to Section 9 hereof, any Series 2004 Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 8(c) hereof, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Series 2004 Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

Whenever any Series 2004 Bond or Bonds shall be surrendered for transfer, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 4, a new Series 2004 Bond or Bonds of the same series, maturity, interest payment mode and interest rate (in the case of Current Interest Series 2004 Bonds, for a like aggregate principal amount, and in the case of Capital Appreciation Series 2004 Bonds, for a like aggregate maturity value). The Paying Agent may require the payment by any Owner of Series 2004 Bonds requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of any Series 2004 Bond shall be required to be made by the Paying Agent during the period from (1) the close of business on the applicable Record Date to and including the succeeding interest date, or (2) the close of business on the date on which notice is given that such Series 2004 Bond has been selected for redemption in whole or in part, to and including the designated redemption date.

(b) Exchange. The Series 2004 Bonds may be exchanged for Series 2004 Bonds of other authorized denominations of the same maturity and interest payment mode, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Series 2004 Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed request for exchange in a form approved by the Paying Agent.

Whenever any Series 2004 Bond or Bonds shall be surrendered for exchange, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 4, a new Series 2004 Bond or Bonds of the same maturity and interest payment mode and interest rate (in the case of Current Interest Series 2004 Bonds, for a like aggregate principal amount, and in the case of Capital Appreciation Series 2004 Bonds, for a like aggregate maturity value). The Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchange of any Series 2004 Bonds shall be required to be made by the Paying Agent during the period from (1) the close of business on the applicable Record Date to and including the succeeding interest date, or (2) the close of business on the date on which notice is

given that such Series 2004 Bond has been selected for redemption in whole or in part, to and including the designated redemption date.

Section 11. Obligation to Levy Taxes to Pay Bonds: The money for the payment of principal, redemption premium, if any, and interest with respect to the Series 2004 Bonds shall be raised by taxation upon all taxable property in the District and provision shall be made for the levy and collection of such taxes in the manner provided by law and for such payment out of the interest and sinking fund of the District, and the Board of Supervisors of the County hereby covenants to levy ad valorem taxes for the payment of the Series 2004 Bonds on all property in the District subject to taxation by the County without limitation as to rate or amount (except certain personal property which is taxable at limited rates). No part of any fund or account of the County is pledged or obligated to the payment of the Series 2004 Bonds.

Section 12. Sale of Bonds; Bond Purchase Contract: The Series 2004 Bonds shall be sold to the Underwriter not later than September 1, 2004. The Bond Purchase Contract submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors providing for the sale by the Board of Supervisors and the purchase by the Underwriter of the Series 2004 Bonds at a purchase price to be set forth therein (which purchase price shall be approved by the County Treasurer, the Board of Supervisors hereby expressly delegating to such officer the authority to execute the Bond Purchase Contract on its behalf), is hereby approved; provided, that (i) the true interest cost for the Series 2004 Bonds shall not be in excess of 6.0%, (ii) the maximum interest rate on the Current Interest Series 2004 Bonds shall not be in excess of 6.0% per annum; (iii) the effective compounded rate of interest on each Capital Appreciation Series 2004 Bond shall not exceed 7.0% per annum; (iv) the underwriter's discount shall not exceed 1.30% of the aggregate principal amount of the Series 2004 Bonds (excluding any costs of issuance the Underwriter agrees to pay pursuant to the Bond Purchase Contract); and (v) the Series 2004 Bonds shall otherwise conform to the limitations specified herein;

The Bond Purchase Contract shall recite the aggregate principal amount of the Series 2004 Bonds, and with respect to the Current Interest Series 2004 Bonds, shall recite the date thereof, the maturity dates, principal amounts and annual rates of interest of each maturity thereof, the initial and semiannual interest payment dates thereof, and the terms of optional and mandatory sinking fund redemption thereof; and with respect to the Capital Appreciation Series 2004 Bonds, shall recite the date thereof, the initial principal amounts, maturity dates, and maturity values of each maturity thereof, the initial and semiannual interest dates thereof, and the terms of optional and mandatory sinking fund redemption thereof. The Bond Purchase Contract, together with this Resolution, shall constitute the order of the Board of Supervisors for purposes of Section 15230 of the Education Code of the State of California.

The County Treasurer (or an authorized deputy or delegate of the County Treasurer) is hereby authorized and directed to accept the offer of the Underwriter when said offer is satisfactory to the County Treasurer, and to execute and deliver the Bond Purchase Contract on behalf of the County in substantially the form now on file with the Board of Supervisors, with such changes therein as shall be approved by the authorized officer of the County executing the same, and such execution shall constitute conclusive evidence of the County Treasurer's approval and the Board of Supervisors' approval of any change therein from the form of such Bond Purchase Contract.

Section 13. Deposit and Investment of Proceeds: (a) The proceeds of sale of the Series 2004 Bonds, exclusive of any premium and accrued interest received, shall be deposited in the County treasury to the credit of the building fund of the District. Any premium and accrued interest shall be deposited upon receipt in the interest and sinking fund of the District within the County treasury.

(b) All funds held by the County Treasurer hereunder shall be invested at the County Treasurer's discretion pursuant to law and the investment policy of the County, unless otherwise requested in writing by the District.

(i) At the written request of the District, all or any portion of the building fund of the District may be invested in the Local Agency Investment Fund in the treasury of the State of California.

(ii) At the written request of the District, all or any portion of the building fund of the District may be invested on behalf of the District in investment agreements which comply with the requirements of each rating agency then rating the Series 2004 Bonds necessary in order to maintain the then-current rating on the Series 2004 Bonds.

Section 14. Tax Covenant: The County acknowledges and relies upon the fact that the District has represented and covenanted that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series 2004 Bonds under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and that it will comply with the requirements of the Tax Certificate of the District with respect to the Series 2004 Bonds, to be entered into by the District as of the date of issuance of the Series 2004 Bonds, and further that such representation and covenant shall survive payment in full or defeasance of the Series 2004 Bonds.

Section 15. Continuing Disclosure Certificate: The County acknowledges and relies upon the fact that the District has represented that it shall execute a Continuing Disclosure Certificate containing such covenants of the District as shall be necessary to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The County acknowledges and relies upon the fact that the District has covenanted that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate. The District shall function as or cause the appointment of a dissemination agent, who shall perform all duties and obligations of the Dissemination Agent as set forth in the Continuing Disclosure Certificate, and the County shall have no responsibilities either for compliance with the Continuing Disclosure Certificate or for the duties of the Dissemination Agent.

Section 16. Limited Responsibility for Official Statement: Neither the Board of Supervisors nor any officer of the County has prepared or reviewed the official statement of the District describing the Series 2004 Bonds (the "Official Statement"), and the Board of Supervisors and the various officers of the County take no responsibility for the contents or distribution thereof; provided, however, that solely with respect to a section contained or to be contained therein describing the County's investment policy, current portfolio holdings, and valuation procedures, as they may relate to funds of the District held by the County Treasurer, the County Treasurer is hereby authorized and directed to prepare and review such information for inclusion in the District's Official Statement and in a preliminary Official Statement, and to certify in writing prior to or upon



the issuance of the Series 2004 Bonds that the information contained in such section does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

Section 17.     Approval of Actions: The Chairman of the Board of Supervisors, the Executive Officer-Clerk of the Board of Supervisors, the County Auditor-Controller, the County Counsel, and the County Treasurer and the deputies and designees of any of them, are hereby authorized and directed to execute and deliver any and all certificates and representations, as may be acceptable to County Counsel, including signature certificates, no-litigation certificates, and other certificates proposed to be distributed in connection with the sale of the Series 2004 Bonds, necessary or desirable to accomplish the transactions authorized herein.

Section 18.     Effective Date: This Resolution shall take effect from and after its adoption.

The foregoing Resolution was on the \_\_\_\_\_ day of \_\_\_\_\_, 2004, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS, Executive Officer-Clerk  
of the Board of Supervisors of the County of Los  
Angeles.

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

OFFICE OF THE COUNTY COUNSEL

By: Daniel R. Kelsey  
Deputy County Counsel

## EXHIBIT A

### [Form of Current Interest Series 2004 Bond]

Number UNITED STATES OF AMERICA Amount  
R- STATE OF CALIFORNIA \$  
COUNTY OF LOS ANGELES

MONTEBELLO UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, ELECTION OF 1998, SERIES 2004

CURRENT INTEREST BOND

Maturity Date Interest Rate Dated as of CUSIP NO.  
August 1, \_\_\_\_\_ % \_\_\_\_\_, 2004 \_\_\_\_\_

Registered Owner: CEDE & CO.

Principal Sum: \_\_\_\_\_ DOLLARS

On behalf of the Montebello Unified School District, County of Los Angeles, State of California (herein called the "District"), the County of Los Angeles (the "County") hereby acknowledges itself obligated to and promises to pay, but only from taxes collected by the County for such purpose pursuant to Section 15250 of the Education Code of the State of California, to the registered owner identified above or registered assigns, on the maturity date set forth above, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money at the interest rate per annum stated above, payable commencing on February 1, 2005, and thereafter on February 1 and August 1 in each year, until payment of said principal sum. If this bond is authenticated and registered on any date prior to the close of business on the first Record Date, it shall bear interest from the date hereof. If authenticated during the period between a Record Date (as defined below) and the close of business on its corresponding interest payment date, it shall bear interest from such interest payment date. Otherwise, this bond shall bear interest from the interest payment date immediately preceding the date of its authentication.

The principal hereof is payable to the registered owner hereof upon the surrender hereof at the principal corporate trust office (as defined in the Resolution hereinafter described) of the paying agent/registrar and transfer agent of the District (herein called the "Paying Agent"), initially the Treasurer and Tax Collector of the County. The interest hereon is payable to the person whose name appears on the bond registration books of the Paying Agent as the registered owner hereof as of the close of business on the 15<sup>th</sup> day of the month preceding an interest payment date (the "Record Date"), whether or not such day is a business day, such interest to be paid by check mailed to such registered owner at the owner's address as it appears on such registration books, or at such other address filed with the Paying Agent for that purpose. Upon written request, given no later than the Record Date immediately preceding an interest payment date, of the owner of Bonds (hereinafter defined) aggregating at least \$1,000,000 in principal amount, interest will be paid by wire transfer to an account maintained in the United States as specified by the owner in such request. So long as Cede & Co. or its registered assigns shall be the registered owner of this bond, payment shall be made by wire transfer as provided in the Resolution hereinafter described.

This bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates, interest payment modes, maturities and redemption provisions), amounting in the aggregate to \$\_\_\_\_\_, and designated as "Montebello Unified School District General Obligation Bonds, Election of 1998, Series 2004" (the "Bonds"). The Bonds were authorized by a vote of at least two-thirds of the voters voting at an election duly and legally called, held and conducted in the District on April 14, 1998. The Bonds are issued and sold by the Board of Supervisors of the County of Los Angeles, State of California, pursuant to and in strict conformity with the provisions of the Constitution and laws of said State, and of a resolution (herein called the "Resolution") adopted by said Board of Supervisors on \_\_\_\_\_, 2004, and subject to the more particular terms specified in the Bond Purchase Contract executed by Stone & Youngberg LLC, the District and the County on \_\_\_\_\_.

The current interest Bonds are issuable as fully registered bonds without coupons in the denomination of \$5,000 principal amount or any integral multiple thereof, provided that no current interest Bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolution, Bonds may be exchanged for a like aggregate principal amount of Bonds of the same series, interest payment mode, interest rate, and maturity of other authorized denominations.

This bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at the principal corporate trust office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this bond. Upon such transfer, a new Bond or Bonds of authorized denomination or denominations of the same series, interest payment mode, interest rate, and same aggregate principal amount will be issued to the transferee in exchange herefor.

The County, the District and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the County, the District and the Paying Agent shall not be affected by any notice to the contrary.

The current interest Bonds are subject to optional and mandatory sinking fund redemption on the terms and subject to the conditions specified in the Resolution, and as further specified in the attached Redemption Schedule. If this bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.

In reliance upon the representations, certifications and declarations of the District, the Board of Supervisors hereby certifies and declares that the total amount of indebtedness of the District, including the amount of this bond, is within the limit provided by law; that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this bond have been done and performed in strict conformity with the laws authorizing the issuance of this bond; and that this bond is in substantially the form prescribed by order of the Board of Supervisors duly made and entered on its minutes. The Bonds represent an obligation of the District payable out of the interest and sinking fund of the District, and the money for the payment of principal of, premium, if any, and interest hereon, shall be raised by taxation upon the taxable property of the District.

This bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

IN WITNESS WHEREOF the County of Los Angeles has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signatures of the Chairman of the Board of Supervisors of the County and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

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Chairman of the Board of Supervisors  
County of Los Angeles

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Treasurer and Tax Collector  
County of Los Angeles

Countersigned:

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Executive Officer-Clerk of the Board of Supervisors

PAYING AGENT'S CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION

This is one of the current interest MONTEBELLO UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, ELECTION OF 1998, SERIES 2004, described in the within-mentioned Resolution and authenticated and registered on \_\_\_\_\_.

TREASURER AND TAX COLLECTOR OF THE COUNTY  
OF LOS ANGELES, as Paying Agent/Registrar and Transfer  
Agent

By \_\_\_\_\_  
Authorized Officer

DTC LEGEND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

[STATEMENT OF INSURANCE]

## ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned Registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the books of the Paying Agent/Registrar and Transfer Agent with full power of substitution in the premises.

\_\_\_\_\_  
I.D. Number

\_\_\_\_\_  
NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: \_\_\_\_\_

Signature Guarantee: \_\_\_\_\_

Notice: Signature must be guaranteed by an eligible guarantor institution.

## REDEMPTION SCHEDULE

MONTEBELLO UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS  
ELECTION OF 1998, SERIES 2004

[from Bond Purchase Contract]

## EXHIBIT B

### [Form of Capital Appreciation Series 2004 Bond]

Number \_\_\_\_\_ UNITED STATES OF AMERICA Maturity Value  
R- \_\_\_\_\_ STATE OF CALIFORNIA \$ \_\_\_\_\_  
COUNTY OF LOS ANGELES

MONTEBELLO UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, ELECTION OF 1998, SERIES 2004  
CAPITAL APPRECIATION BOND

Maturity Date \_\_\_\_\_ Dated as of \_\_\_\_\_ CUSIP NO. \_\_\_\_\_  
August 1, \_\_\_\_\_, 2004

Registered Owner: CEDE & CO.

Initial Principal Amount: \_\_\_\_\_ DOLLARS

Accreted Value at Maturity: \_\_\_\_\_ DOLLARS

On behalf of the Montebello Unified School District, County of Los Angeles, State of California (herein called the "District"), the County of Los Angeles (the "County") hereby acknowledges itself obligated to and promises to pay, but only from taxes collected by the County for such purpose pursuant to Section 15250 of the Education Code of the State of California, in lawful money of the United States of America to the registered owner identified above or registered assigns, the "accreted value" hereof on the maturity date specified above [or upon prior redemption hereof], consisting of the initial principal amount hereof plus interest earned thereon and accumulated from the date hereof to such date (in accordance with the Resolution hereinafter defined and as reflected in the Table of Accreted Values hereinafter set forth; provided, that any accreted value determined in accordance with the Resolution shall prevail over any accreted values given in the Table of Accreted Values), compounded on February 1 and August 1 of each year commencing on August 1, 2005, assuming in any such semiannual period that this bond shall increase in value by the accumulation of earned interest in equal daily amounts on the basis of a 360-day year of twelve 30-day months, until the obligation represented hereby shall have been discharged, as provided in the Resolution hereinafter defined, upon the surrender hereof at the principal corporate trust office (as defined in the Resolution) of the paying agent/registrar and transfer agent of the District (herein called the "Paying Agent"), initially the Treasurer and Tax Collector of the County.

This bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates or yields, interest payment modes, maturities and redemption provisions), amounting in the aggregate to \$ \_\_\_\_\_ principal amount, and designated as "Montebello Unified School District General Obligation Bonds, Election of 1998, Series 2004" (the "Bonds"). The Bonds were authorized by a vote of at least two-thirds of the voters voting at an election duly and legally called, held and conducted in the District on April 14, 1998. The Bonds are issued and sold by the Board of Supervisors of the County of Los Angeles, State of California, pursuant to and in strict conformity with the provisions of the Constitution and laws of said State, and of a resolution (herein called the "Resolution") adopted by said Board of Supervisors on \_\_\_\_\_, 2004, and subject to the more particular terms specified in the Bond Purchase Contract executed by Stone & Youngberg LLC, the District and the County on \_\_\_\_\_.

The Bonds are issuable as fully registered bonds without coupons in the denomination of \$5,000 accreted value at maturity (the "maturity value") or any integral multiple thereof, except that the first numbered Bond may be issued in a denomination such that the maturity value of such Bond shall not be in an integral multiple of \$5,000, and provided that no Bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolution, Bonds may be



exchanged for a like aggregate maturity value of Bonds of the same series, interest payment mode, and maturity of other authorized denominations.

This bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at said office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of authorized denomination or denominations for the same series and interest payment mode and same aggregate maturity value will be issued to the transferee in exchange herefor.

The County, the District and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the County, the District and the Paying Agent shall not be affected by any notice to the contrary.

[The capital appreciation Bonds are subject to optional and mandatory sinking fund redemption on the terms and subject to the conditions specified in the Resolution, and as shown in the attached Redemption Schedule. If this bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.]

The Table of Accreted Values attached hereto has been prepared and furnished by the original purchaser of the capital appreciation Bonds, and the County and the District take no responsibility for any inaccuracy therein.

In reliance upon the representations, certifications and declarations of the District, the Board of Supervisors hereby certifies and declares that the total amount of indebtedness of the District, including the amount of this bond, is within the limit provided by law, that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this bond have been done and performed in strict conformity with the laws authorizing the issuance of this bond, and that this bond is in substantially the form prescribed by order of the Board duly made and entered on its minutes. The Bonds represent an obligation of the District payable out of the interest and sinking fund of the District, and the money for the payment of the maturity value of this bond (or redemption price hereof upon redemption prior to maturity), shall be raised by taxation upon the taxable property of said District.

This bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

IN WITNESS WHEREOF the County of Los Angeles has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signatures of the Chairman of the Board of Supervisors of the County and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

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Chairman of the Board of Supervisors  
County of Los Angeles

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Treasurer and Tax Collector  
County of Los Angeles

Countersigned:

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Executive Officer-Clerk of the Board of Supervisors

PAYING AGENT'S CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION

This is one of the MONTEBELLO UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, ELECTION OF 1998, SERIES 2004, described in the within-mentioned Resolution and authenticated and registered on \_\_\_\_\_.

TREASURER AND TAX COLLECTOR OF THE COUNTY  
OF LOS ANGELES, as Paying Agent/Registrar and Transfer  
Agent

By \_\_\_\_\_  
Authorized Officer

DTC LEGEND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

[STATEMENT OF INSURANCE]

## ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned Registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the books of the Paying Agent/Registrar and Transfer Agent with full power of substitution in the premises.

I.D. Number \_\_\_\_\_

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: \_\_\_\_\_

Signature Guarantee: \_\_\_\_\_

Notice: Signature must be guaranteed by an eligible guarantor institution.

[TABLE OF ACCRETED VALUES]

§ \_\_\_\_\_  
**MONTEBELLO UNIFIED SCHOOL DISTRICT**  
**General Obligation Bonds, Election of 1998, Series 2004**

**CONTRACT OF PURCHASE**

June \_\_, 2004

Treasurer and Tax Collector  
County of Los Angeles  
500 West Temple Street, Room 437  
Los Angeles, CA 90012

Board of Education  
Montebello Unified School District  
123 South Montebello Boulevard  
Montebello, CA 90640-4729

Ladies and Gentlemen:

Stone & Youngberg LLC (the "Underwriter") offers to enter into this Contract of Purchase (the "Purchase Contract") with the County of Los Angeles, California (the "County"), and the Montebello Unified School District (the "District") which, upon your acceptance hereof, will be binding upon the County, the District, and the Underwriter. This offer is made subject to the written acceptance of the Purchase Contract by the County and the District and delivery of such acceptance to the Underwriter at or prior to 11:59 P.M., California time, on the date hereof.

**1. Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of \$\_\_\_\_\_ in aggregate principal amount of the District's General Obligation Bonds, Election of 1998, Series 2004 (the "Series 2004 Bonds"). The Series 2004 Bonds shall bear or accrete interest at the rates and shall mature in the years shown on Appendix A hereto, which is incorporated herein by this reference. The Current Interest Bonds (as defined in the County Resolution described below) shall bear interest payable from the date thereof as specified in Section 2 herein on each February 1 and August 1 commencing February 1,

2005. The Capital Appreciation Bonds maturing August 1, \_\_\_\_\_, to August 1, \_\_\_\_\_ (as defined in the Resolution described below) shall accrete interest from their date, as specified in Section 2 herein, compounded semiannually on February 1 and August 1 commencing on August 1, 2004, and shall be paid at maturity as shown in Appendix A hereto. The Capital Appreciation Bonds maturing July 1, 2029 (as defined in the Resolution described below), shall accrete interest from their date, as specified in Section 2 herein, compounded semiannually on January 1 and July 1, commencing on January 1, 2005, and shall be paid at maturity as shown in Appendix A hereto. The Underwriter shall purchase the Series 2004 Bonds at a price of \$\_\_\_\_\_, which is equal to the sum of \$\_\_\_\_\_, the denominational amount of the Series 2004 Bonds, plus \$\_\_\_\_\_, the amount of accrued interest due on the Current Interest Bonds from July 1, 2004 to the delivery date of the Series 2004 Bonds, and plus \$\_\_\_\_\_, the amount of net original issue premium.

On the Closing date specified in Section 6 herein, the Underwriter will pay the purchase price of the Series 2004 Bonds to the County on behalf of the District in immediately available funds, less any expenses for costs of issuance to be paid from the purchase price by the Underwriter as a convenience to the County and the District. Any such expenses are identified in Section 6 herein.

**2. The Bonds.** The Current Interest Bonds shall be dated July 1, 2004. The Capital Appreciation Bonds shall be dated the date of delivery. The Series 2004 Bonds shall mature on August 1 or on July 1 in the years shown in the Appendix A hereto, except as provided herein, and shall otherwise be as described in, and shall be issued and secured pursuant to the provisions of the resolution of the District adopted on May 20, 2004 (the "District Resolution"), the resolution of the Board of Supervisors of the County adopted on June 8, 2004 (the "County Resolution" and collectively with the District Resolution, the "Resolutions"), and Section 15100 *et seq.* of the California Education Code (the "Act") and other applicable provisions of law.

Certain provisions for the optional and mandatory redemption of the Series 2004 Bonds not otherwise specified in the Resolutions are shown in Appendix A hereto, all as provided in the County Resolution.

The Series 2004 Bonds shall be executed and delivered under and in accordance with the provisions of the Purchase Contract and the Resolutions.

**3. Use of Documents.** The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Series 2004 Bonds, the Purchase Contract, the Official Statement (defined below), and the District Resolution, and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriter in connection with the transactions contemplated by the Purchase Contract (except as such documents otherwise provided).

The County hereby authorizes the Underwriter to use the Purchase Contract and the County Resolution and all information contained herein and therein and all of the documents, certificates or statements furnished by the County to the Underwriter in connection with the transactions contemplated by the Purchase Contract (except as such documents otherwise provided).

**4. Public Offering of the Bonds.** The Underwriter agrees to make a bona fide public offering of all the Series 2004 Bonds at the initial public offering prices or yields to be set forth on the cover page of the Official Statement and Appendix A hereto. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Series 2004 Bonds.

The Underwriter shall certify to the District (i) that as of the date of sale, all of the Series 2004 Bonds purchased were expected to be reoffered in a bona fide public offering; (ii) that as of the date of the certification, all of the Series 2004 Bonds purchased had actually been offered to the general public at the offering prices shown in Appendix A; and (iii) that the prices given in Appendix A are the maximum initial bona fide offering prices at which a substantial amount (at least 10%) of each maturity of the Series 2004 Bonds purchased was sold to the general public.

**5. Review of Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Series 2004 Bonds, dated June \_\_, 2004 (the Preliminary Official Statement"). The District represents that it deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), yield(s) to maturity, selling compensation, aggregate principal amount and maturity value, denominational amount and maturity value per maturity, delivery date, rating(s) and other terms of the Series 2004 Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule").

The Underwriter agrees that prior to the time the final Official Statement (the "Official Statement") relating to the Series 2004 Bonds is available, the Underwriter will send to any potential purchaser of the Series 2004 Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

The Underwriter hereby represents that it will provide, consistent with the requirements of Municipal Securities Rulemaking Board ("MSRB") Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases any Series 2004 Bonds during the underwriting period (as such term is defined in MSRB Rule G-11), and deliver a copy of the Official Statement to a national repository on or before the Closing Date, and that it will otherwise comply with all applicable statutes and



regulations in connection with the offering and sale of the Series 2004 Bonds, including, without limitation, MSRB Rule G-32 and 17 CFR Section 240.15c2-12, promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

References herein to the Preliminary Official Statement and the final Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

**6. Closing.** At 9:00 A.M., California time, on July \_\_, 2004, or at such other time or on such other date as shall have been mutually agreed upon by the County, District, and Underwriter, (the "Closing"), the County and the District will deliver to the Underwriter (except as otherwise provided in the Resolutions), at the offices of The Depository Trust Company ("DTC") in New York, New York, or at such other place as the County, District, and Underwriter may mutually agree upon, the Series 2004 Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and in San Francisco, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to the account of the County of Los Angeles, and deliver the other documents listed in Section 12(e) to be delivered by the Underwriter. The Underwriter will deliver to the County the amount of \$\_\_\_\_\_, which is equal to the purchase price of \$\_\_\_\_\_ minus \$\_\_\_\_\_, the premium for a policy of municipal bond insurance on the Series 2004 Bonds to be issued by \_\_\_\_\_ (as described in Section 12(e)(6) herein).

**7. Representations, Warranties and Agreements of the District.** The District hereby represents, warrants and agrees with the Underwriter that:

(a) Due Organization. The District is a school district duly organized and validly existing under the laws of the State of California, with the power to request the issuance of the Series 2004 Bonds pursuant to the Act;

(b) Due Authorization. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Series 2004 Bonds; (ii) the District has full legal right, power and authority to enter into the Purchase Contract, to adopt the District Resolution, to perform its obligations under the District Resolution and the County Resolution (iii) and the Purchase Contract constitutes a valid and legally binding obligation of the District;

(c) Consents. Except for the action of parties hereto, no consent, approval, authorization, order, filing, registration, qualification, election or referendum of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Series 2004 Bonds or the consummation of the other transactions contemplated

herein or hereby, except for such actions as may be necessary to qualify the Series 2004 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained;

(d) Internal Revenue Code. The District has covenanted to comply with the Internal Revenue Code of 1986, as amended, with respect to the Series 2004 Bonds;

(e) No Conflicts. To the best knowledge of the District, the issuance of the Series 2004 Bonds, and the execution, delivery and performance of the Purchase Contract, the Resolutions, and the Series 2004 Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution, and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject;

(f) Litigation. As of the time of acceptance hereof and based on the advice of Karns & Karabian, District counsel ("District Counsel"), no action, suit, proceeding, hearing or investigation is pending against the District: (i) in any way affecting the existence of the District or in any way challenging the titles of the officials of the District who are required to execute any contracts, certificates, or official statements in connection with the delivery of the Series 2004 Bonds to their respective offices, or the powers of those offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Series 2004 Bonds, or the levy or collection of taxes by the County on behalf of the District required to be collected and applied to pay the principal of and interest and compounded interest on the Series 2004 Bonds, or the application thereof, or in any way contesting or affecting the validity or enforceability of the Series 2004 Bonds, the Purchase Contract or the Resolutions or contesting the powers of the District or its authority with respect to the Series 2004 Bonds, the Resolutions or the Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District, or (b) adversely affect the exclusion of the interest paid on the Series 2004 Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation;

(g) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District directly, nor any other governmental agency or other body on behalf of the District, will have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement;

(h) Arbitrage Certificate. The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon;

(i) Continuing Disclosure. To assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5), the District will undertake, pursuant to the Resolutions and a Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement; and

(j) Certificates. Any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation by the District to the Underwriter, but not necessarily by the person signing the same, as to the statements made therein.

**8. Representations, Warranties and Agreements of the County.** The County hereby represents, warrants and agrees with the Underwriter that:

(a) Due Organization. The County is a political subdivision duly organized and validly existing under the laws of the State of California, with the power to issue the Series 2004 Bonds pursuant to the Act;

(b) Due Authorization. (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Series 2004 Bonds; (ii) the County has full legal right, power and authority to enter into the Purchase Contract, to adopt the County Resolution, to issue and deliver the Series 2004 Bonds to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument; and (iii) the Purchase Contract constitutes a valid and legally binding obligation of the County.

(c) No Conflicts. To the best knowledge of the County, the issuance of the Series 2004 Bonds, the execution, delivery and performance of the Purchase Contract, the County Resolution, and the Series 2004 Bonds, and the compliance with the provisions hereof, do not conflict with or constitute on the part of the County a violation of or default under any existing charter, ordinance, or resolution, and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party;

(d) Litigation. As of the time of acceptance hereof, based on the advice of County Counsel, no action, suit, proceeding, hearing or investigation is pending against the County or, to the best knowledge of the County, threatened against the County: (i) in any way affecting the existence of the County, or in

any way challenging the respective powers of the several offices whose holder is required to execute the Series 2004 Bonds, or any other contracts, or certificates, required to be executed in connection with the delivery of the Series 2004 Bonds, or of the titles of the officials of the County to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Series 2004 Bonds, or the levy or collection of taxes of the District required to be collected and applied to pay the principal of and interest on the Series 2004 Bonds, or the application thereof or, or in any way contesting or affecting the validity or enforceability of the Series 2004 Bonds, the Purchase Contract or the County Resolution or contesting the powers of the County or its authority with respect to the Series 2004 Bonds, the County Resolution, or the Purchase Contract; or (iii) in which a final adverse decision could materially adversely affect the operations of the County with respect to the levy and collection of property taxes, the timely payment of debt service on the Series 2004 Bonds;

(e) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, the County will not have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement;

(f) Certificates. Any certificates signed by any officer of the County and delivered to the Underwriter shall be deemed a representation by the County to the Underwriter, but not by the person signing the same, as to the statements made therein.

**9. Representations, Warranties and Agreements of the Underwriter.**

The Underwriter represents to and agrees with the County and the District that, as of the date hereof and as of the date of the Closing:

(a) The Underwriter is duly authorized to execute this Purchase Contract and to take any action under the Purchase Contract required to be taken by it.

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the County and the District, and is not prohibited thereby from acting as underwriter with respect to securities of the District.

(c) The Underwriter has, and has had, no financial advisory relationship with the District or the County with respect to the Series 2004 Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

(d) The Underwriter has reasonably determined that the District's undertaking to provide continuing disclosure with respect to the Series 2004 Bonds pursuant to Section 13(e)(13) is sufficient to effect compliance with Rule 15c2-12.

**10. Covenants of the District.** The District covenants and agrees with the Underwriter that:

(a) Securities Laws. The District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order to qualify the Series 2004 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which it is not so subject as of the date hereof;

(b) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date the Purchase Contract is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District in such quantities (including a representative number of originally executed copies) as may be reasonably requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the Municipal Securities Rulemaking Board;

(c) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect in any material respect the accuracy or completeness of any information set forth in the Official Statement relating to the District, until the date which is ninety (90) days following the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Series 2004 Bonds for sale; and

(d) Amendments to Official Statement. For a period of ninety (90) days after the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Series 2004 Bonds for sale, the District will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by the Underwriter, provided that the Underwriter may not unreasonably withhold such approval and that the Underwriter may not object to such amendments or supplements if they result in a correction of the Official Statement; and if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a

purchaser, the District shall forthwith prepare and furnish (at the expense of the District) a reasonable number of copies of such amendment or supplement (inform and substance satisfactory to the Underwriter).

**11. Division of Responsibility Between District and County.** It is specifically acknowledged and agreed by and between the District and the County that the County shall have no responsibility or liability to ensure or provide compliance with those provisions of this Purchase Contract which are to be performed solely by the District.

**12. Conditions to Closing.** The Underwriter has entered into the Purchase Contract in reliance upon the representations and warranties of the County and the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under the Purchase Contract are and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(a) Representations True. The representations and warranties of the County and the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and each of the County and the District shall be in compliance with each of the agreements made by it in the Purchase Contract;

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, the Purchase Contract, the District Resolution and the County Resolution shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; and (ii) all actions under the Act which, in the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect.

(c) Adverse Rulings. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of the Purchase Contract (and not reversed on appeal or otherwise set aside), or to the best knowledge of the County or the District, pending or threatened which has any of the effects described in Section 7(f) or 8(d) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) Marketability. Between the date hereof and the Closing, the market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Series 2004 Bonds, at the initial offering prices set forth in the Official Statement, of the Series 2004 Bonds shall not have been materially adversely affected by reason of any of the following:

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Series 2004 Bonds; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Series 2004 Bonds, or obligations of the general character of the Series 2004 Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) legislation enacted by the legislature of the State of California (the "State"), or a decision rendered by a court of the State, or a ruling, order, or regulation (final or temporary) made by State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Series 2004 Bonds in the hands of the holders thereof;

(3) the formal declaration of war by Congress or a new major engagement in or escalation of military hostilities by order of the President of the United States, or the occurrence of any other declared national emergency that interrupts or causes disorder to the operation of the financial markets in the United States for a period of more than 30 days;

(4) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange for a period of more than 30 days;

(5) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Series 2004 Bonds, or obligations of the general character of the Series 2004 Bonds, or securities generally, or the material increase of any such restrictions now in force;

(6) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Series 2004 Bonds, or the issuance, offering or sale of the Series 2004 Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(7) the withdrawal or downgrading of any rating of the District's outstanding indebtedness by a national rating agency; or

(8) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and which the District fails or is unwilling to correct by the submission of supplemental information.

(e) Delivery of Documents. At or prior to the date of the Closing, the District shall deliver (or cause to be delivered) sufficient copies of the documents listed as items 1-12 below, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter, and the Underwriter shall deliver the documents listed as item 13 below:

(1) Bond Opinion. An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Series 2004 Bonds, dated the date of the Closing, addressed to the District;

(2) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter can rely upon the approving opinion described in (e)(1) above;

(3) Certificate of the District. A certificate signed by appropriate officials of the District to the effect that (i) such officials are authorized to execute the Purchase Contract; (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing; (iii) the District has complied with all the terms of the District Resolution, the County Resolution, and the Purchase Contract to be complied with prior to or concurrently with the Closing and such documents are in full force and effect; and (iv) the



District has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, excepting therefrom those sections of the Official Statement describing the Depository Trust Company and its Book-Entry-Only System, any bond insurance and the provider of such bond insurance, and the investment policies of the County;

(4) Certificate of the County. A certificate signed by appropriate officials of the County to the effect that (i) such officials are authorized to execute this Purchase Contract; (ii) the representations, agreements and warranties of the County herein are true and correct in all material respects as of the date of Closing; (iii) the County has complied with all the terms of the County Resolution and this Purchase Contract to be complied with by the County prior to or concurrently with the Closing and such documents are in full force and effect; and (iv) to the best of its knowledge, as of the Closing, the information set forth in the Official Statement under the caption "APPLICATION OF PROCEEDS OF SERIES 2004 BONDS - Investment of Proceeds of Series 2004 Bonds" is accurate;

(5) Arbitrage. A non-arbitrage certificate of the District in a form satisfactory to Bond Counsel;

(6) Municipal Bond Insurance. Evidence satisfactory to the Underwriter that the Series 2004 Bonds shall have received a policy of municipal bond insurance issued by \_\_\_\_\_ ("\_\_\_\_") that unconditionally guarantees the timely payments of all debt service on the Series 2004 Bonds.

(7) Rating. Evidence satisfactory to the Underwriter that the Series 2004 Bonds shall have been rated "\_\_\_\_" by Standard & Poor's as a result of municipal bond insurance provided by \_\_\_\_\_ and that any such rating has not been revoked or downgraded;

(8) District Resolution. A certificate, together with fully executed copies of the District Resolution, of the Clerk of the District Board of Education to the effect that:

(i) such copies are true and correct copies of the District Resolution; and

(ii) that the District Resolution was duly adopted and has not been amended or rescinded and is in full force and effect on the date of the Closing.

(9) District Counsel Opinion. An opinion of Counsel to the District in the form attached as Appendix B;

(10) County Resolution. A certificate, together with fully executed copies of the County Resolution, of the Executive Officer-Clerk of the County Board of Supervisors to the effect that such copies are true and correct copies of the County Resolution;

(11) County Counsel Opinion. An opinion of Counsel to the County in the form attached hereto as Appendix C;

(12) Continuing Disclosure Certificate. A Continuing Disclosure Certificate of the District in substantially the form given in the Preliminary Official Statement.

(13) Underwriter's Certifications. At or before Closing, and contemporaneously with the acceptance of delivery of the Series 2004 Bonds and the payment of the purchase price thereof, the Underwriter will provide (or cause to be provided) to the District:

(i) the receipt of the Underwriter, in form satisfactory to the District and the County and signed by an authorized officer of the Underwriter, confirming delivery of the Series 2004 Bonds to the Underwriter, receipt of all documents required by the Underwriter, and the satisfaction of all conditions and terms of this Purchase Contract by the District and the County, respectively, and confirming to the District and the County that as of the Closing Date all of the representations of the Underwriter contained in this Purchase Contract are true, complete and correct in all material respects.

(ii) the certification of the Underwriter, in form satisfactory to Bond Counsel, regarding the prices at which the Series 2004 Bonds have been reoffered to the public, as described in Section 1 hereof.

(iii) the certification of the Underwriter, in form satisfactory to Bond Counsel, that the present value of the interest saved as a result of the policy of municipal bond insurance with respect to the Series 2004 Bonds issued by \_\_\_\_\_ exceeds the premium paid for said insurance, and said premium is not unreasonable.

(14) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the

Underwriter may reasonably request to evidence (i) compliance by the County and the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the County and the District herein contained, and (iii) the due performance or satisfaction by the County and the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Series 2004 Bonds shall not have been delivered by the District to the Underwriter prior to the close of business, California time, on July \_\_, 2004, then the obligation to purchase Series 2004 Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 12 hereof.

If the County and/or the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in the Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by the Purchase Contract, the Purchase Contract may be canceled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the County and the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the County and the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

**13. Conditions to Obligations of the County and the District.** The performance by the County and the District of their obligations is conditioned upon (i) the performance by the Underwriter of their obligations hereunder; and (ii) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the County and the District.

**14. Expenses.** The Underwriter shall pay costs of issuance of the Series 2004 Bonds up to the amount of \$\_\_\_\_\_, including but not limited to the following: (i) the Underwriter's discount; (ii) the premium for any policy of municipal bond insurance insuring payment of the Series 2004 Bonds; (iii) the cost of the preparation and reproduction of the Resolutions; (iv) the fees and disbursements of Bond Counsel and District Counsel; (v) the cost of the preparation and delivery of the Series 2004 Bonds; (vi) the fees, if any, for bond ratings, including all necessary travel expenses; (vii) the cost of the printing and distribution of the Official Statement; (viii) the initial fees, if any, of the Paying Agent; and (ix) the fees and expenses of the County with respect to its participation in the issuance of the Series 2004 Bonds. Any such expenses which exceed in the aggregate \$\_\_\_\_\_ shall be paid by the District and may be paid from the proceeds of the Series 2004 Bonds.

**15. Notices.** Any notice or other communication to be given under the Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the County, to the Treasurer and Tax Collector of the County of Los Angeles, 500 West Temple Street, Room 437, Los Angeles, CA 90012; or if to the District, to the Superintendent, Montebello Unified School District, 123 South Montebello Boulevard, Montebello, CA 90640-4729; or if to the Underwriter, to Stone & Youngberg LLC, One Ferry Building, Suite 275, San Francisco, California 94111.

**16. Parties in Interest; Survival of Representations and Warranties.** The Purchase Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the County, the District and the Underwriter. The Purchase Contract is made solely for the benefit of the County, the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the County and the District in the Purchase Contract shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, and (b) delivery of and payment by the Underwriter for the Series 2004 Bonds hereunder.

**17. Severability.** In the event any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

**18. Nonassignment.** Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior consent of the other party hereto.

**19. Entire Agreement.** This Purchase Contract, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto, including their permitted successors and assigns, respectively.

**20. Execution in Counterparts.** The Purchase Contract may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

**21. Applicable Law.** The Purchase Contract shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

Stone & Youngberg LLC

By: \_\_\_\_\_  
Managing Director or Director

The foregoing is hereby agreed to and accepted as of the date first above written:

County of Los Angeles

By: \_\_\_\_\_  
Treasurer and Tax Collector

Approved as to form:

LLOYD W. PELLMAN  
County Counsel

By: \_\_\_\_\_  
Deputy County Counsel

Montebello Unified School District

By: \_\_\_\_\_  
Superintendent

## **APPENDIX A**

### **INTEREST RATES, REOFFERING PRICES, MATURITIES, DEBT SERVICE, AND OPTIONAL AND MANDATORY REDEMPTION PROVISIONS**

#### **MONTEBELLO UNIFIED SCHOOL DISTRICT General Obligation Bonds, Election of 1998, Series 2004**

## REDEMPTION PROVISIONS

### Optional Redemption

The Current Interest Series 2004 Bonds maturing on or before August 1, 2013, are not subject to redemption prior to their respective maturity dates. The Current Interest Series 2004 Bonds maturing on or after August 1, 2014, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2013, at the following redemption prices (expressed as a percentage of the Current Interest Series 2004 Bonds called for redemption), together with interest accrued thereon to the date of redemption:

<u>Redemption Date (dates inclusive)</u>	<u>Redemption Price</u>
August 1, 2013 and thereafter	100.0%

If less than all of the Current Interest Series 2004 Bonds are called for redemption, such Series 2004 Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Current Interest Series 2004 Bonds of any given maturity are called for redemption, the portions of such Series 2004 Bonds of a given maturity to be redeemed shall be determined by lot.

**The Capital Appreciation Series 2004 Bonds are not subject to optional or mandatory sinking fund redemption prior to their fixed maturity dates.**

## APPENDIX B

### FORM OF DISTRICT COUNSEL OPINION

§ \_\_\_\_\_

#### MONTEBELLO UNIFIED SCHOOL DISTRICT General Obligation Bonds, Election of 1998, Series 2004

Ladies and Gentlemen:

As counsel to the Montebello Unified School District (the "District"), I have reviewed the proceedings relating to the special election of the District held on April 14, 1998 (the "Election"), at which the above-described bonds (the "Series 2004 Bonds") were authorized, the Official Statement (the "Official Statement") for the Series 2004 Bonds, the Resolution of the Board of Education of the District adopted on May 20, 2004 (the "District Resolution"), and the Contract of Purchase, dated as of June \_\_, 2004, by and among the District, County of Los Angeles, and Stone & Youngberg LLC (the "Purchase Contract").

Having reviewed these documents, it is my opinion that:

1. The District is a school district duly organized and existing under the Constitution and the laws of the State of California.
2. The District Resolution was duly adopted at a meeting of the governing body of the District which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.
3. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the District which would adversely impact the District's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the levy or collection of tax revenues pledged for the Series 2004 Bonds or in any way contesting or affecting the validity of the Election, the Purchase Contract, the District Resolution or the Series 2004 Bonds or the transactions described in and contemplated by the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the Election, the Purchase Contract, the District Resolution or the Series 2004 Bonds or in which a final adverse decision could materially adversely affect the operations of the District.



4. To the best of my knowledge, the obligations of the District under the Series 2004 Bonds, and the approval of the Official Statement and compliance with the provisions thereof, and the execution of and performance of the provisions of the Purchase Contract, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation court order or consent decree to which the District is subject.

5. The Election was validly ordered and the proceedings relating thereto were conducted in compliance with all requirements of the Constitution and the laws of the State of California.

6. No authorization, approval, consent, or other order of the State of California, or other governmental authority or agency within the State of California, is required for the valid authorization of the Series 2004 Bonds, the execution of the Purchase Contract or the approval of the Official Statement.

Very truly yours,

## APPENDIX C

### FORM OF OPINION OF COUNTY COUNSEL

\$ \_\_\_\_\_

#### MONTEBELLO UNIFIED SCHOOL DISTRICT General Obligation Bonds, Election of 1998, Series 2004

Montebello Unified School District  
123 South Montebello Boulevard  
Montebello, CA 90640-4729

Stone & Youngberg LLC  
One Ferry Building, Suite 275  
San Francisco, CA 94111

Ladies and Gentlemen:

This opinion is rendered as counsel to the County of Los Angeles (the "County") in connection with the issuance by the Montebello Unified School District (the "District") of its General Obligation Bonds, Election of 1998, Series 2004, in the aggregate principal amount of \$\_\_\_\_\_ (the "Series 2004 Bonds"). The Series 2004 Bonds are being issued pursuant to a resolution of the Board of Supervisors of the County adopted on June 8, 2004, (the "County Resolution"), at the request of the District made pursuant to a resolution adopted by the Board of Education of the District on May 20, 2004 (the "District Resolution").

In rendering this opinion, we have examined the County Resolution and such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

Based upon the foregoing, and solely with respect to the laws of the State of California (the "State"), we are of the opinion, as of the date hereof, that:

1. The County is a political subdivision duly organized and validly existing under the Constitution and the laws of the State of California.

2. The County Resolution approving and authorizing the execution and delivery of the Purchase Contract and the issuance of the Series 2004 Bonds was duly adopted at a meeting of the governing body of the County which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption.

3. To the best of our knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the County (a) affecting the existence of the County or the titles of its officers who have acted with respect to the proceedings for issuance and sale of the Series 2004 Bonds to their respective officers; (b) seeking to prohibit, restrain or enjoin the execution of the Purchase Contract or the issuance of the Series 2004 Bonds or in any way contesting or affecting the validity or enforceability of the bonds, the Purchase Contract, or the County Resolution; (c) contesting the powers of the County or its authority to enter into, adopt or perform its obligations under the County Resolution or the Purchase Contract; or (d) seeking to restrain or enjoin the levy or collection of tax revenues pledged for payment of the Series 2004 Bonds.

4. The Purchase Contract has been duly authorized, executed and delivered by the County and Series 2004 Bonds have been duly authorized by the County, executed by the County on behalf of the District and delivered by the County and, assuming due authorization, execution and delivery by the other parties thereto, the Purchase Contract will constitute the legal, valid and binding agreement of the County enforceable against the County in accordance with its terms.

With respect to the opinions we have expressed, enforcement of the rights and obligations under the County Resolution, the Purchase Contract and the Series 2004 Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles if equitable remedies are sought, and by limitations on legal remedies imposed in actions against public entities in the State. We express no opinion as to the availability of equitable remedies in connection with enforcement of the County Resolution, the Purchase Contract or the Series 2004 Bonds.

Very truly yours,

LLOYD W. PELLMAN  
County Counsel

By: \_\_\_\_\_  
Deputy County Counsel

**BOARD OF EDUCATION  
OF THE  
MONTEBELLO UNIFIED SCHOOL DISTRICT  
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA**

**Resolution No. 25(03-04)**

RESOLUTION PRESCRIBING THE TERMS OF SALE OF BONDS OF MONTEBELLO UNIFIED SCHOOL DISTRICT, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO ISSUE AND SELL NOT TO EXCEED \$15,582,927.70 OF SAID BONDS BY A NEGOTIATED SALE PURSUANT TO A BOND PURCHASE CONTRACT, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF SAID BOND PURCHASE CONTRACT, APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT FOR SAID BONDS, AND AUTHORIZING THE EXECUTION OF NECESSARY CERTIFICATES RELATING TO SAID BONDS

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WHEREAS, an election was duly called and regularly held in the Montebello Unified School District, County of Los Angeles, California (herein called the "District"), on April 14, 1998, at which the following proposition was submitted to the electors of the District:

"In order to raise funds for school modernization and districtwide projects such as structural repair and improvements to existing schools; upgrading lighting, heating, plumbing and electrical systems, including for computer technology; safety and security improvements, including for seismic safety; replacing deteriorated roofs; and constructing new classrooms, libraries, and schools; shall the Montebello Unified School District be authorized to issue up to \$92,000,000 of bonds for acquisition and improvement of real property at interest rates within the legal limit?"

and

WHEREAS, at least two-thirds of the votes cast on said proposition were in favor of issuing said bonds; and

WHEREAS, the District has heretofore issued, or caused the Board of Supervisors of the County of Los Angeles (the "County") to issue on its behalf, its "Montebello Unified School District General Obligation Bonds Election of 1998" listed below:

<u>Series Name</u>	<u>Initial Principal</u>	<u>Outstanding Principal*</u>	<u>Year of Issue</u>
Series 1998	\$24,639,698.00	\$20,794,698.00	1998
Series 1999	19,997,854.30	17,902,854.30	1999
Series 2001	15,782,826.95	15,482,826.95	2001
Series 2002	<u>15,996,693.05</u>	<u>15,996,693.05</u>	2002
TOTAL	\$76,417,072.30	\$70,177,072.30	

---

\* Accounts for scheduled principal repayment through July 1, 2003.

WHEREAS, this Board of Education of the District deems it necessary and desirable that the Board of Supervisors of the County of Los Angeles (the "County") shall authorize and consummate the sale of the remaining portion of said bonds in a single series designated the "Montebello Unified School District General Obligation Bonds, Election of 1998, Series 2004" in an aggregate principal amount not exceeding \$15,582,927.70, according to the terms and in the manner hereinafter set forth; and

WHEREAS, this Board of Education further deems it necessary and desirable to authorize the sale of said bonds by a negotiated sale to Stone & Younger LLC (the "Underwriter") pursuant to a Bond Purchase Contract (the "Bond Purchase Contract"); and

WHEREAS, there have been submitted and are on file with the Clerk of this Board of Education proposed forms of a Bond Purchase Contract and an Official Statement with respect to not to exceed \$15,582,927.70 aggregate principal amount of Montebello Unified School District General Obligation Bonds, Election of 1998, Series 2004, proposed to be sold;

NOW, THEREFORE, THE BOARD OF EDUCATION OF MONTEBELLO UNIFIED SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER, AS FOLLOWS:

Section 1.      Recitals: All of the above recitals are true and correct.

Section 2.      Request for Sale of Bonds: The Board of Supervisors of the County is hereby requested, pursuant to Sections 15140 and following of the Education Code of the State of California, to sell not later than September 1, 2004, by negotiated sale to the Underwriter, not to exceed \$15,582,927.70 aggregate principal amount of bonds of the Montebello Unified School District and to designate said bonds to be sold as the "Montebello Unified School District General Obligation Bonds, Election of 1998, Series 2004" (herein called the "Series 2004 Bonds" or the "Bonds"). The Series 2004 Bonds shall be issued as Current Interest Series 2004 Bonds and Capital Appreciation Series 2004 Bonds, as provided in Section 3 hereof.

The Board of Supervisors is hereby requested to provide by resolution (the "County Resolution") for the terms of the sale and issuance of the bonds in accordance with the particular terms and manner set forth herein and, with respect to such necessary or desirable terms as are not specified herein, as the Board of Supervisors shall otherwise see fit to determine. With respect to such necessary or desirable terms as are not finally determined by the County Resolution, the Board of Supervisors is hereby requested to provide for such terms to be finally determined and set forth in a bond purchase contract approved in Section 5 hereof.

Section 3.      Terms of Bonds: (a) Date of Bonds. The Current Interest Series 2004 Bonds shall be dated July 1, 2004, or such other date as shall be set forth in the Bond Purchase Contract described in Section 5 hereof.

The Capital Appreciation Series 2004 Bonds shall be dated the date of their delivery, or such other date as shall be set forth in the Bond Purchase Contract.

(b)      Denominations. The Current Interest Series 2004 Bonds shall be issued in denominations of \$5,000 principal amount or any integral multiple thereof.

The Capital Appreciation Series 2004 Bonds shall be issued in denominations of \$5,000 accreted value at maturity ("maturity value") or any integral multiple thereof, except that the first numbered Capital Appreciation Series 2004 Bond may be issued in a denomination such that the maturity value of such Capital Appreciation Series 2004 Bond shall not be in an integral multiple of \$5,000.

(c) Maturity. The Current Interest Series 2004 Bonds shall mature on the date, in each of the years, in the principal amounts and in the aggregate principal amount as shall be set forth in the Bond Purchase Contract. No Current Interest Series 2004 Bond shall mature prior to August 1, 2005, and no Current Interest Series 2004 Bond shall mature later than the date which is 25 years from the date of the Current Interest Series 2004 Bonds, to be determined as provided in subsection (a) of this Section. No Current Interest Series 2004 Bond shall have principal maturing on more than one principal maturity date. The Bond Purchase Contract may provide that no Current Interest Series 2004 Bonds shall be issued.

The Capital Appreciation Series 2004 Bonds shall mature on the date or dates, in each of the years, and in the maturity values as shall be set forth in the Bond Purchase Contract. No Capital Appreciation Series 2004 Bond shall mature prior to August 1, 2005, and no Capital Appreciation Series 2004 Bond shall mature later than the date which is 25 years from the date of the Capital Appreciation Series 2004 Bonds, to be determined as provided in subsection (a) of this Section. No Capital Appreciation Series 2004 Bond shall have principal maturing on more than one principal maturity date. The Bond Purchase Contract may provide that no Capital Appreciation Series 2004 Bonds shall be issued.

The Current Interest Series 2004 Bonds may mature in the same year or years as the Capital Appreciation Series 2004 Bonds, without limitation. The aggregate principal amount of the Series 2004 Bonds issued as both Current Interest Series 2004 Bonds and as Capital Appreciation Series 2004 Bonds shall not exceed \$15,582,927.70.

(d) Interest Payment. The Current Interest Series 2004 Bonds shall bear interest at an interest rate not to exceed 6.0% per annum, computed on the basis of a 360-day year of twelve 30-day months, first payable on February 1, 2005, and thereafter on February 1 and August 1 in each year (or on such other initial and semiannual interest payment dates as shall be set forth in the Bond Purchase Contract).

The Capital Appreciation Series 2004 Bonds shall not bear current interest; each Capital Appreciation Series 2004 Bond shall increase in value by the accumulation of earned interest from its initial principal (denominational) amount on the date of issuance thereof to its stated maturity value at maturity thereof at a compounded interest rate which shall not exceed 7.0% per annum, assuming in any semiannual period that the value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months. The interest on the Capital Appreciation Series 2004 Bonds shall be compounded commencing on August 1, 2004, and thereafter on February 1 and August 1 in each year (or on such other initial and semiannual interest dates as shall be set forth in the Bond Purchase Contract), and shall be payable only upon maturity or prior redemption thereof.

(e) Obligation. The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of property taxes in each year sufficient to

pay all principal and interest coming due on the Series 2004 Bonds in such year, and to pay from such taxes all amounts due on the Series 2004 Bonds. The District hereby requests the Board of Supervisors to annually levy a tax upon all taxable property in the District sufficient to redeem the Series 2004 Bonds, and to pay the principal, redemption premium, if any, and interest thereon as and when the same become due. No part of any fund or account of the County is pledged or obligated to the payment of the Series 2004 Bonds.

Section 4. Redemption Provisions: The Series 2004 Bonds shall be subject to redemption prior to their respective stated maturity dates at the option of the District as set forth in the Bond Purchase Contract and in the Series 2004 Bonds. The Series 2004 Bonds shall also be subject to mandatory sinking fund redemption, as specified in the Bond Purchase Contract and in the Series 2004 Bonds. The Bond Purchase Contract may provide that the Series 2004 Bonds shall not be subject to optional or mandatory sinking fund redemption, and may provide separate and distinct redemption provisions for the Current Interest Series 2004 Bonds and the Capital Appreciation Series 2004 Bonds.

Section 5. Bond Purchase Contract; Sale of Bonds: The Bond Purchase Contract for the Series 2004 Bonds, in substantially the form submitted to this Board of Education, is hereby approved, and the Superintendent or Interim Superintendent of the District, the Assistant Superintendent, Business Services of the District, or such other officer of the District designated for the purpose (each an "Authorized District Representative"), is hereby authorized and directed on behalf of the District to execute and approve the Bond Purchase Contract providing for the sale by the Board of Supervisors of the County and the purchase by the Underwriter of the Series 2004 Bonds at a purchase price to be set forth therein; provided, that (i) the true interest cost for the Series 2004 Bonds shall not be in excess of 6.0%, (ii) the maximum interest rate on the Current Interest Series 2004 Bonds shall not be in excess of 6.0% per annum; (iii) the effective compounded rate of interest on each Capital Appreciation Series 2004 Bond shall not exceed 7.0% per annum; (iv) the underwriter's discount shall not exceed 1.30% of the aggregate principal amount of the Series 2004 Bonds (excluding any costs of issuance the Underwriter agrees to pay pursuant to the Bond Purchase Contract); and (v) the Series 2004 Bonds shall otherwise conform to the limitations specified herein; and provided further, that such execution and approval shall constitute conclusive evidence of the approval by the District of any changes or revisions therein from the form of Bond Purchase Contract filed herewith. The Board of Supervisors of the County is hereby requested to cause the Bond Purchase Contract to be executed and delivered on behalf of the County, subject to such changes or revisions therein as may be acceptable to the District and to the Board of Supervisors of the County.

Section 6. Official Statement: The Official Statement relating to the Series 2004 Bonds, in substantially the form on file with the Clerk of this Board of Education, is hereby approved with such changes, additions and corrections as the Authorized District Representative may hereafter approve, and the Underwriter is hereby authorized to distribute copies of such Official Statement in preliminary form to persons who may be interested in purchasing the Series 2004 Bonds. The Authorized District Representative is hereby authorized to certify to the Underwriter, on behalf of the District, that the preliminary form of the Official Statement was deemed final as of its date within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by said Rule). The Authorized District Representative is hereby authorized and directed to sign said Official Statement in its final form, including the final pricing information,

and the Underwriter is hereby authorized and directed to deliver copies of such Official Statement in final form to the purchasers of the Series 2004 Bonds.

Section 7. Investment of Proceeds. Proceeds of the Series 2004 Bonds held by the Treasurer and Tax Collector of the County (together with all authorized deputies thereof, the "County Treasurer") shall be invested at the County Treasurer's discretion pursuant to law and the investment policy of the County, unless otherwise requested in writing by the District.

(i) At the written request of the District, given by the Authorized District Representative, who is hereby expressly authorized to give such direction, all or any portion of the building fund of the District may be invested on behalf of the District in the Local Agency Investment Fund in the treasury of the State of California.

(ii) At the written request of the District, given by the Authorized District Representative, who is hereby expressly authorized to give such direction, all or any portion of the building fund of the District may be invested on behalf of the District in investment agreements which comply with the requirements of each rating agency then rating the Series 2004 Bonds necessary in order to maintain the then-current rating on the Series 2004 Bonds.

Section 8. Tax Covenants: (a) General. The District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series 2004 Bonds under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Without limiting the generality of the foregoing, the District hereby covenants that it will comply with the requirements of the Tax Certificate of the District with respect to the Series 2004 Bonds (the "Tax Certificate"), to be entered into by the District on the date of issuance of the Series 2004 Bonds. The provisions of this subsection (a) shall survive payment in full or defeasance of the Series 2004 Bonds.

(b) Yield Restriction. In the event that at any time the District is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any monies held by the County Treasurer on behalf of the District, in accordance with this Resolution or pursuant to law, the District shall so request of the County Treasurer in writing, and the District shall make its best efforts to ensure that the County Treasurer shall take such action as may be necessary in accordance with such instructions.

(c) Reliance on Opinion of Bond Counsel. Notwithstanding any provision of this Section, if the District shall provide to the County Treasurer an opinion of counsel of nationally recognized standing in the field of law relating to municipal bonds (an "Opinion of Bond Counsel") that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2004 Bonds, the County Treasurer may conclusively rely on such Opinion of Bond Counsel in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 9. Continuing Disclosure: The Authorized District Representative is hereby authorized on behalf of the District to execute a Continuing Disclosure Certificate in substantially the form submitted to this Board of Education, with such changes thereto as deemed necessary in order to permit the Underwriter to comply with the requirements of Securities and



Exchange Commission Rule 15c2-12. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate.

Section 10. Approval of Actions: The President of this Board of Education, the Clerk of this Board of Education, the Superintendent or Interim Superintendent of the District, the Assistant Superintendent, Business Services of the District, and any other officer of the District to whom authority is delegated by one of the named officers for the purposes of the Series 2004 Bonds, are hereby authorized and directed to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, certificates concerning the contents of the Official Statement, representation letters to The Depository Trust Company, the Tax Certificate and any other certificates proposed to be distributed in connection with the sale of the Series 2004 Bonds, and to enter into any agreements, including commitment letters and agreements with bond insurers, which any of them deem necessary or desirable to accomplish the transactions authorized herein.

Section 11. Notice to California Debt and Investment Advisory Commission: The Clerk of this Board of Education is hereby authorized and directed to cause notices of the proposed sale and final sale of the Series 2004 Bonds to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855.

Section 12. Filing with Board of Supervisors: The Clerk of this Board of Education is hereby authorized and directed to deliver a certified copy of this Resolution to the County Treasurer for filing with the Executive Officer-Clerk of the Board of Supervisors of the County.

adoption.      Section 12.      Effective Date: This resolution shall take effect from and after its

PASSED AND ADOPTED this day, May 20, 2004, by the following vote:

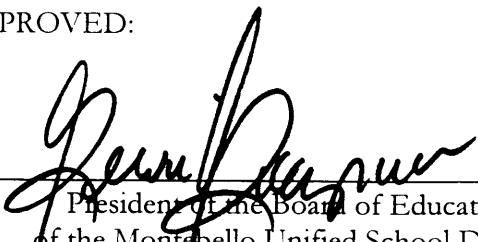
AYES:            5

NOES:           0

ABSTAIN:       0

ABSENT:        0

APPROVED:

  
\_\_\_\_\_  
President of the Board of Education  
of the Montebello Unified School District

ATTEST:

  
\_\_\_\_\_  
Secretary of the Board of Education of  
the Montebello Unified School District

CLERK'S CERTIFICATE

I, Richard L. Adams II, Clerk of the Board of Education of the Montebello Unified School District, County of Los Angeles, California, hereby certify as follows:

The attached is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Education of said District duly and regularly held at the regular meeting place thereof on May 20, 2004, and entered in the minutes thereof, of which meeting all of the members of said Board of Education had due notice and at which a quorum thereof was present; and at said meeting said resolution was adopted by the following vote:

AYES:        5

NOES:        0

ABSTAIN: 0

ABSENT: 0

An agenda of said meeting was posted at least 72 hours before said meeting at 123 South Montebello Boulevard, Montebello, California, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda. A copy of said agenda is attached hereto.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office. Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand this 20TH day of MAY, 2004.

A handwritten signature in black ink, appearing to read 'R. L. Adams II', is written over a horizontal line.

Clerk of the Board of Education of  
Montebello Unified School District

**MEMORANDUM**

May 12, 2004

**ACTION**

**TO:** Edward Velasquez, Interim Superintendent of Schools

**FROM:** Glenn J. Sheppard, Assistant Superintendent, Business Services

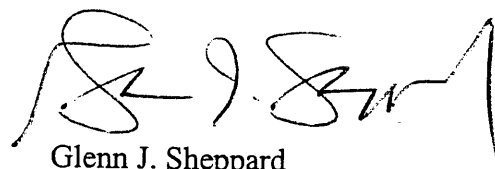
**SUBJECT:** Resolution No. 25(03-04) – A Resolution Requesting that the County Board of Supervisors Issue and Sell \$15,582,927.70 of District Bonds, and, Approving and Authorizing Issuance of Certain Necessary Contracts and Certificates Related to this Bond Transaction

In order to sell the last portion of the voter approved \$92 million general obligation bond, certain activities are required. The attached Resolution will authorize the following activities and/or actions:

1. Set this fifth and final issue of bonds at an amount not to exceed \$15,582,927.70;
2. Authorize a negotiated sale of the bonds to the underwriter, Stone and Youngberg;
3. Request that the County Board of Supervisors sell the bonds not later than September 1, 2004;
4. Establish the types of bonds to be sold, their date of issue for interest accrual purposes, and their maturity structure;
5. Limit the interest rate (TIC) on the bonds to 7%;
6. Request that the County place a levy on taxpayers' property to pay for the principal and interest on these bonds;
7. Authorize the district to enter into the Bond Purchase Agreement with Stone and Youngberg;
8. Permit staff to release an Official Statement describing the bonds, the district and the community to potential investors;
9. Define the investment parameters for any bond fund cash balances;
10. Define signature authority for all bond related documents; and,
11. Declare the Board's intent regarding certain other tax and procedural issues relating to the issuance, maintenance and long-term support of the bond's reporting system.

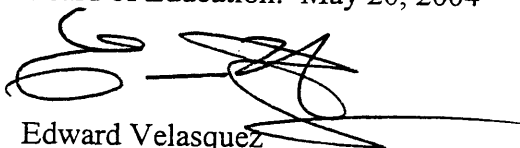
I recommend adoption of the following motion:

That the Board of Education adopt Resolution No. 25(03-04) – A Resolution Requesting that the County Board of Supervisors Issue and Sell \$15,582,927.70 of District Bonds, and, Approving and Authorizing Issuance of Certain Necessary Contracts and Certificates Related to this Bond Transaction.



Glenn J. Sheppard  
Assistant Superintendent, Business Services

Approved for presentation to the  
Board of Education: May 20, 2004



Edward Velasquez  
Interim Superintendent of Schools  
Secretary to the Board

8-C